

## Message Text

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PAGE 01 BONN 03289 231835Z  
ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 STR-04  
/072 W

-----240000 015318 /73

R 231823Z FEB 77  
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TO SECSTATE WASHDC 5840  
INFO AMEMBASSY CAIRO  
AMEMBASSY TEHRAN  
AMEMBASSY ALGIERS  
AMEMBASSY DAMASCUS  
AMEMBASSY TEL AVIV  
AMEMBASSY KUWAIT  
AMEMBASSY JIDDA  
USINT BAGHDAD  
AMCONSUL HAMBURG

C O N F I D E N T I A L BONN 03289

E.O. 11652: GDS  
TAGS: EAID, EINV, EG, GW  
SUBJECT: WEST GERMAN INVESTMENT IN EGYPT

REF: BONN 2180

1. SUMMARY. PRIVATE WEST GERMAN INVESTMENT PLANS IN  
EGYPT REMAIN LIMITED. NEITHER THE GENSCHER VISIT  
NOR THE RECENTLY ANNOUNCED VOLKSWAGEN PLANS FOR AN  
ASSEMBLY PLANT SEEMS TO SIGNAL ANY CHANGE. END SUMMARY.

2. ACCORDING TO FRG ECONMIN, BUSINESSMEN ACCOMPANYING  
GENSCHER WERE DISMAYED BY LACK OF DETAIL IN EGYPTIAN  
PRESENTATIONS AND BY OBVIOUS EGYPTIAN EXAGGERATION  
IN USING THE TERM "MARSHALL PLAN" TO DESCRIBE REVISED  
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MAJOR DONOR PLANS. FRG BUSINESSMEN, HOWEVER, WERE VERY  
INTERESTED IN EGYPTIAN PLANS TO INSURE THE VALUE OF  
FOREIGN INVESTMENTS AGAINST DEVALUATION.  
ECONMIN BELIEVED THAT A MAJOR  
DISINCENTIVE TO GERMAN INVESTMENT WOULD BE CLEARED AWAY  
IF THE DANGER OF CONSTANT DEVALUATION COULD BE  
MINIMIZED.

3. EGYPTIANS ALSO TOLD GERMANS THAT SEVENTEEN PRIVATE GERMAN INVESTMENT PLANS WERE NOW APPROVED, BUT ECONMIN ESTIMATED THAT ONLY THREE OF THESE 17 PROJECTS ARE PROMISING. THE PROMISING PROJECTS ARE IN SHIPPING AND HARBOR FACILITIES, PREFABRICATED HOUSING, AND TEXTILES, ACCORDING TO ECONMIN. A REPRESENTATIVE OF THE GERMAN FEDERATION OF INDUSTRY CONFIRMED THIS ESTIMATE, BUT GAVE NO DETAILS ABOUT THE FIRMS INVOLVED. BOTH EXPRESSED SURPRISE AT THE FACT THAT MORE GERMAN FIRMS WERE NOT INTERESTED IN TEXTILE PROJECTS, SINCE THE AILING GERMAN TEXTILE INDUSTRY WANTS TO INVEST IN DEVELOPING COUNTRIES.

4. BOTH THE ECONMIN AND FEDERATION OF INDUSTRY SOURCES DOUBTED WHETHER THE RECENTLY ANNOUNCED VOLKSWAGEN PLANS TO BUILD AN ASSEMBLY PLANT IN EGYPT WOULD SOON RESULT IN AN ACTUAL INVESTMENT. BOTH TERMED THE VOLKSWAGEN PLANS "NEGOTIATING TACTICS", SINCE VOLKSWAGEN IS ALSO DISCUSSING PLANS FOR ASSEMBLY PLANTS WITH IRAN, IRAQ, SYRIA, AND ALGERIA AND COULD NOT BE EXPECTED TO ESTABLISH PLANTS IN ALL FIVE COUNTRIES. THESE SOURCES BELIEVED THAT CONTINUED FOREIGN INVESTMENT BY THE GERMAN AUTOMOBILE INDUSTRY IS TO BE EXPECTED, BUT VOLKSWAGEN OBVIOUSLY IS EXPLORING MORE FIELDS THAN IT WILL SOW.

5. ECONMIN SOURCE ALSO NOTED THAT STATE SECRETARY ROHWEDDER OF ECONMIN WILL BE VISITING ALGERIA  
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IN TWO WEEKS WITH AN ENTOURAGE OF ECONOMISTS TO DISCUSS ECONOMIC COOPERATION AND INTERNATIONAL ECONOMIC ISSUES. FRG BUSINESSMEN, APPARENTLY, WILL NOT ACCOMPANY ROHWEDDER.  
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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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EO Systematic Review  
22 May 2009  
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